



Government of
Saskatchewan

**Statistical Supplement
to the Annual Report
for the Year
Ending March 31, 1990**

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**Saskatchewan
Health**

Prescription Drug Services

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Prescription Drug Services

Objectives

The Prescription Drug Plan was established to:

1. Reduce the direct cost of prescription drugs to Saskatchewan residents.
2. Provide coverage to Saskatchewan residents for quality pharmaceutical products of proven therapeutic effectiveness.
3. Reduce the cost of drug materials by encouraging effective price competition and quantity discounts.
4. Encourage the rational use of prescription drugs through research, consultation with professional associations, and educational programs directed at physicians, pharmacists and the general public.

The Plan is administered by the Prescription Drug Services Branch of Saskatchewan Health.

History

1. The Prescription Drug Plan began providing benefits on September 1, 1975.
2. In addition to drugs listed in the formulary, certain other drugs are covered if specific criteria are met.
3. The Prescription Drug Services Branch is the paying agent for the Medical Services Division (MSD) and Saskatchewan Aids to Independent Living (SAIL). Payment is made to pharmacies for non-formulary prescription drugs that are benefits for specific clients of these agencies.
4. On January 1, 1989 the Branch eliminated patient paper claims by installing Point Of Sale terminals for each pharmacy to submit claims information electronically.
5. On January 1, 1989, the Prescription Drug Services Branch expanded coverage to eligible drugs purchased anywhere in Canada.

Additional Background to the Plan

The Prescription Drug Plan was designed in consultation with physicians, pharmacists and pharmaceutical wholesalers.

Some of the major design criteria are:

1. The consumer will pay a portion of the prescription cost.
2. A drug formulary system will be used. Only drugs proven to be therapeutically effective and made by competent manufacturers will be eligible for coverage.
3. The existing wholesale and pharmacy retail distribution systems will be used.

The enabling legislation for the Prescription Drug Plan, The Prescription Drugs Act, was assented to on May 10, 1974.

The Plan in Brief

All Saskatchewan residents who hold valid Saskatchewan Health Services Cards, except those who have prescription costs paid by another federal or provincial government agency, are eligible to receive benefits of the Prescription Drug Plan.

Drugs eligible for coverage must be prescribed by a licensed physician or dentist and must be listed in the most current edition of the Saskatchewan Formulary.

The range of drugs listed in the Formulary enables physicians to select appropriate courses of therapy for most patients. Drugs are under continual review, and additional drugs may be added to the Formulary.

Consumers exempted from the deductible program pay no more than \$3.95 for each prescription for drugs eligible under the Prescription Drug Plan. This level is unchanged since 1984.

Beneficiaries eligible under the deductible program may in certain circumstances pay the entire prescription cost at the time of purchase. Claims may be submitted to the Prescription Drug Plan for 80% reimbursement of approved costs in excess of the deductible level.

On January 1, 1989 automated systems were implemented to eliminate consumer submission of claims for prescriptions purchased on and after January 1, 1989. With this change beneficiaries pay the entire prescription cost at the time of purchase only up to the deductible level, and 20% of the prescription cost thereafter, for the balance of the calendar year.

The Prescription Drug Services Branch provides personnel and financial support to the Saskatchewan Formulary Committee, the Drug Quality Assessment Committee, the Joint Committee on Drug Utilization, and the Advisory Committee on the Safe Use of Medicines.

Highlights for 1989-90

- Ninety-four percent of Saskatchewan residents were eligible for benefits under the Prescription Drug Plan.
- An average 11.6 prescriptions were dispensed to each active beneficiary exempt from the deductible program. An average 7.3 prescriptions were dispensed to each active beneficiary under the deductible program.
- An average 15.2 prescriptions were dispensed to each family unit exempt from the deductible program. An average 12.3 prescriptions were dispensed to each family unit under the deductible program.
- The Prescription Drug Plan paid an average share of 57.9% of the total prescription costs under the deductible program, and 90.6% of the total prescription costs exempt from the deductible program.
- There were 5.4 million prescriptions processed during the fiscal 12 month period.
- Net Prescription Drug Plan payment for formulary drugs and exception status drugs was \$75.6 million during the fiscal 12 month period.
- Pharmacies dispensed 48,905 prescriptions for eligible drugs to beneficiaries receiving additional assistance under the Special Drug Benefits Program.
- Pharmacies dispensed 210,251 prescriptions for eligible drugs to beneficiaries in licensed Special-Care Homes who are exempted from the deductible plan, and contribute a per prescription patient share maximum of \$3.95.
- 55 new products were added to the Saskatchewan Formulary bringing the total number of drug products listed to 1929.
- Two editions of the Saskatchewan Formulary Bulletin were released during the year. These presented information to physicians and pharmacists about new products added to the Formulary.
- In consultation with the Saskatchewan Pharmaceutical Association, it was agreed to raise the dispensing fee for drugs from \$6.00 to \$6.25 effective October 1, 1989.
- Terminally ill patients covered under The Palliative Care Program received 8,570 prescriptions at no charge to the patient. This program was introduced on July 1, 1987.
- The average drug cost in a prescription was \$14.73.
- During the year, the Prescription Drug Plan provided funding support for:
 - a) the College of Medicine Roving Professorship Program which brings information on current drug therapy to physicians in smaller communities throughout the province.
 - b) the College of Pharmacy Dial Access Drug Information Service, a province wide drug information service for health professionals.
- Controlled release of information from the data base has been used to fulfill a variety of epidemiological and other research project requests.

Organization of the Prescription Drug Services Branch

Administrative Organization

Executive Director

The Executive Director is responsible for the overall management of the Prescription Drug Services Branch. The Executive Director serves as principal contact on matters of policy and procedures with representatives of pharmacy, medicine, drug wholesalers and drug manufacturers, as well as related sectors in other provincial governments and the federal government, and other agencies with health care involvement.

Administration Division

The Administration Division is responsible for: developing and implementing the administrative policies and procedures; maintaining the Drug Plan data base; specification and production of statistical information; and preparation of the Annual Report.

Functions include: budget preparation and forecast monitoring; space, property and supply management; pharmacy audit; processing of revenue accounts and expenditures (excluding pharmacy claims); ensuring families and pharmacies receive payment; processing of manual claims payment; preparation of reports, materials and financial data for year end statements; mail services; other miscellaneous administrative functions.

The Division provides support services to other Branch functions, including personnel matters, team clerical, and space co-ordination.

The Audit Section conducts post-audits of pharmacy claims to ensure compliance with the Pharmacy Proprietor/Province of Saskatchewan Agreement.

Claims Division

The objectives of the Claims Division are to: provide accurate and prompt payment; maintain efficient and cost-effective operation and processing; maintain claims credibility with pharmacists and family beneficiaries.

The Claims Division is responsible for the processing and payment of accounts submitted by participating pharmacies and eligible families. These accounts are submitted via telecommunication, and, in some cases, paper claims.

Computer services necessary for processing data and claims are co-ordinated by this Division and supplied by Westbridge Computer Corporation and Co-operators Data Services Ltd., under contract to Saskatchewan Health.

Processing and payment of pharmacy claims involves the combined efforts of several sections in the Claims Division. The Systems Section provides analysis and

detail design for changes to manual and computer processing of claims. This section also has responsibility for systems control measures, implementation and testing.

The Special Claims Section receives, screens, and assesses incoming claims, then transfers the information from these claims to enable on line computer processing of accounts. Assessment and approval of accounts for payment are performed by computer. Each claim is checked against stored information to determine whether it can be approved for payment.

The Inquiry and Verification Section manages the pharmacy and consumer information toll-free phone lines. This section also manages the selection of claims for verification by the beneficiary, and follow-up.

The Claims Division is also responsible for communication with pharmacies regarding Prescription Drug Services Branch claims operations. The division issues periodic bulletins to pharmacies and maintains the Pharmacy Manual.

Professional Services Division

The Professional Services Division is responsible for all matters related to the selection, assurance of quality, acquisition and review of use of all drugs eligible under the Prescription Drug Plan. It is also responsible for communications with consumers, prescribers and pharmacists in matters related to informed, responsible drug use.

This division is comprised of three units, the Formulary and Education Unit, the Drug Research Unit, and the Special Benefits Unit.

The functions of the Formulary and Education Unit include: providing support services to the Drug Quality Assessment Committee and the Saskatchewan Formulary Committee in the review of products under consideration for listing in the Formulary; evaluation of drug costs and preparation of use/cost analysis reports; forwarding recommendations of the Saskatchewan Formulary Committee regarding listing of products, and designation of interchangeable status; publishing and distribution of the Saskatchewan Formulary; ongoing surveillance of manufacturers to ensure compliance with acceptable standards of manufacturing practice; and encouraging rational use of drugs by developing and supporting education programs and services for consumers, physicians and pharmacists.

This Unit is also responsible for ensuring that pharmacies have available to them a continuous supply of quality drugs at reasonable prices; arranging for the acquisition and distribution of drug products listed in the Saskatchewan Formulary by tendering of Standing Offer Contracts for commonly used products and establishing Maximum Allowable Costs in other cases.

The Drug Research Unit provides support services to the Joint Committee on Drug Utilization. Activities include research into the use of drugs, comparison of Saskatchewan data with reports of studies in other areas, and preparation of background information for review by the Committee.

Support services are also provided by this Unit to the Advisory Committee on Safe Use of Medicines. This Committee provides advice and recommendations to the Minister on strategies and opportunities to promote more appropriate use of prescriptions and over-the-counter drugs. Quality of care concerns identified by this Committee are referred to the Joint Committee on Drug Utilization.

This Unit also initiates, directs, and coordinates research projects using Prescription Drug Plan claims data. These projects include in-house drug-use studies and collaborative research projects with outside agencies. The Unit administers the Branch policy and program for release of information, providing assurance that all requirements for confidentiality are met.

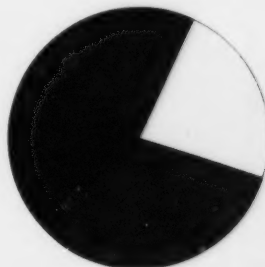
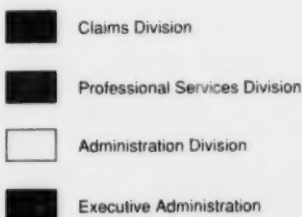
This Unit is also responsible for the provision of advisory or consultative services to Saskatchewan Health and outside agencies in matters related to drug use and/or pharmacy services.

The Special Benefits Unit reviews requests from physicians and evaluates and authorizes special categories of drug coverage (for example, Exception Drug Status, Palliative Care, and Plan Two coverage for Saskatchewan Assistance Plan beneficiaries) when appropriate.

This Unit is also responsible for administering the Special Drug Coverage program by receiving applications from beneficiaries, reviewing and costing the applications, and communicating recommendations of the Drug Benefits Review Panel. The Unit also provides liaison and support services to the Hospital Services Branch Advisory Committee on Institutional Pharmacy Practice.

Administrative Disbursements

Figure 1
Administrative Disbursements



The total administrative costs for the fiscal year are separated by Division in Figure 1. The percent allocated to each Division is indicated. The figure illustrates that 30% of these disbursements (approximately .6% of total program costs) are used to administer the program, and that 33% of the disbursements are used to support activities related to assurance of quality and encouragement of the rational use of prescription drugs. For ease of discussion the Divisions and their general functions appear to be distinct. However, the efficiency of the Prescription Drug Plan depends on overall interdependence of the Divisions.

Benefits of the Prescription Drug Plan

With the exception of insulin and urine testing agents for diabetics, a prescription from a physician or dentist is required for all drugs eligible under the Drug Plan.

These drugs include all products listed in the Saskatchewan Formulary and certain products for specific individuals, granted through Exception Drug Status authorization.

Formulary Drugs

All drugs listed in the most current edition of the Saskatchewan Formulary are eligible under the Prescription Drug Plan.

Exception Drug Status

Drugs not listed in the Saskatchewan Formulary may be eligible for exception drug status if one of the following criteria is met:

1. The drug is ordinarily administered only to hospital in-patients but is being administered outside of a hospital because of unusual circumstances;
2. The drug is not ordinarily prescribed or administered in Saskatchewan, but is being prescribed because it is required in the diagnosis or treatment of an illness, disability, or condition rarely found in Saskatchewan;
3. The drug is infrequently used because Formulary preparations are usually effective, but are contraindicated or found to be ineffective due to the clinical condition of the patient;
4. The drug has been deleted from the Formulary but continues to be required by patients previously stabilized on the drug;

Requests for Exception Drug Status must be made by a physician or dentist. Requests may be mailed or telephoned. A 24 hour toll-free prescriber-line is provided by the Prescription Drug Services Branch.

Patients granted such approval are notified by letter, and the claims processing system is updated to accept claims for these drugs via telecommunications.

Patients are responsible to pay their share of costs, just as they would if the drug were listed in the Saskatchewan Formulary.

Products for Diabetics

Persons with diabetes may obtain insulin, urine testing agents, blood glucose testing agents and oral hypoglycemics as benefits under the Prescription Drug Plan, if those products are listed in the Saskatchewan Formulary.

In order to receive coverage, diabetics require a prescription for blood glucose testing agents and oral hypoglycemics, but not for insulin or urine testing agents.

A reduced charge of \$1.00 is applied to each package of insulin or urine testing agent obtained. A charge of 20% of the total prescription cost is applied to the purchase of each blood testing agent. These charges are maximums, regardless of level of deductible credits achieved.

Over-The-Counter-Products

Over-the-counter (OTC) products are generally not included as benefits of the Prescription Drug Plan.

Special Drugs

The Prescription Drug Plan provides coverage for the full cost, paid directly to the pharmacy, of certain rarely used drugs which are extremely expensive. Examples include Cyclosporin (used to prevent rejection following organ transplant) and AZT (used to treat A.I.D.S patients). In these cases, no charges are asked of the patient.

The Saskatchewan Formulary

The Prescription Drug Services Branch prepares and maintains the Saskatchewan Formulary. The Formulary serves as the list of products eligible under the Prescription Drug Plan and as the Interchangeable Drug Index (IDI). Only those products meeting high standards for quality, safety and therapeutic effectiveness are considered for listing.

Drugs listed in the Formulary are under continual review and additions and deletions are recommended when necessary. A revised edition of the Formulary is published twice yearly. The Saskatchewan Formulary Committee is the major resource toward compilation of the Formulary.

The unit drug material cost appears in the Formulary for those products where a Standing Offer Contract (tender) (SOC) is awarded, and for other products as quoted by manufacturers for the smallest commercially available package size.

Saskatchewan Formulary Committee

The Saskatchewan Formulary Committee is appointed by the Minister of Health to provide advice in the compiling and maintaining of the Saskatchewan Formulary.

This Committee also identifies those products which are "interchangeable". Interchangeable products are different brands of the same drug which are equivalent in therapeutic effectiveness and quality.

Part of the Committee's ongoing work is to review new drug products and to re-evaluate listed products based on new information on their use and effects.

The Prescription Drug Services Branch provides resources and staff support to the Committee.

Members of the Saskatchewan Formulary Committee as at March 31, 1990 were:

Prof. J. L. (Jack) Summers	Chairman
Dr. M. W. Davies	Saskatchewan Medical Association
Dr. D. Eustace	College of Physicians and Surgeons of Saskatchewan
Dr. R. Herman	College of Medicine
Dr. A. J. Remillard	College of Pharmacy
Mr. N. Shevchuk	Saskatchewan Pharmaceutical Association
Dr. R. West	Saskatchewan Health
Mr. M. Wolfe	Saskatchewan Health-Care Association
Ms. Beverley Winter	Saskatchewan Registered Nurses' Association

Drug Quality Assessment Committee

The Drug Quality Assessment Committee is appointed by the Minister of Health to advise the Saskatchewan Formulary Committee. The members of this committee are knowledgeable in the clinical use of drugs, pharmacology, and drug manufacturing.

This Committee reviews drug products based on information and reports obtained from manufacturers and independent consultants, manufacturing documents and published literature. Recommendations regarding the clinical effectiveness and quality of products are then submitted to the Saskatchewan Formulary Committee.

The Prescription Drug Services Branch provides resources and staff support to the Committee.

Members of the Drug Quality Assessment Committee as at March 31, 1990 were:

Dr. R. Herman	Chairman
Dr. D. K. J. Gorecki	Pharmaceutical Chemistry
Dr. I. Holmes	Internal Medicine
Dr. A. J. Remillard	Clinical Pharmacy
Dr. A. E. Somerville	Internal Medicine
Dr. J. Tuckek	Pharmacology
Dr. T. W. Wilson	Clinical Pharmacology
Dr. D. Zuck	Pharmaceutics
Prof. J. L. (Jack) Summers	Ex-Officio Member

Joint Committee on Drug Utilization

The Joint Committee on Drug Utilization is appointed by the Minister of Health to consider quality of care issues as they pertain to drug use. The Committee's terms of reference are as follows:

1. To identify areas of concern related to drug utilization.
2. To carry out study and analysis related to the concerns identified.
3. To recommend appropriate methods of dealing with concerns related to drug utilization and its impact on the quality of care.
4. To provide information that can be used in educational programs for the public and the health professions.

The Committee may make recommendations to the Minister of Health or to the professional and regulatory bodies represented on the Committee.

The Prescription Drug Services Branch provides resources and staff support to the Committee.

Members of the Joint Committee on Drug Utilization as at March 31, 1990 are:

Dr. J. Blackburn	Chairman College of Pharmacy
Dr. R. C. Bowen	College of Medicine
Dr. J. D. Coucill	Saskatchewan Medical Association
Ms. M. Loschuk	Saskatchewan Registered Nurses' Association
Ms. V. Schwabe	Saskatchewan Pharmaceutical Association
Dr. T. A. Wigmore	College of Physicians and Surgeons
Mr. T. Quinn	Prescription Drug Services Branch

Eligibility for Coverage

Saskatchewan residents registered with Saskatchewan Health are eligible for benefits under the Prescription Drug Plan unless coverage is provided by another federal or provincial government or non-government agency. The Saskatchewan Drug Plan was instituted, not as a replacement program, but as a coverage vehicle for those residents without such other federal or provincial coverage.

Exclusions from Coverage

The following categories of persons are not eligible for Prescription Drug Plan coverage because coverage is provided by other agencies:

1. Registered Indians (federal government responsibility)
2. Department of Veterans Affairs beneficiaries (federal government responsibility)
3. Royal Canadian Mounted Police (dependents are covered by the Prescription Drug Plan)
4. Canadian Forces Personnel (dependents are covered by the Prescription Drug Plan)

Consumer Cost Share

Most consumers pay the full cost of most drugs eligible under the Prescription Drug Plan up to the family deductible, and once the deductible is paid, a computer claims system and network informs the pharmacy that the 20% charge is in effect.

The 1990 calendar year deductible is \$125.00 for each family unit, except seniors. The deductible is \$50.00 for single seniors, and \$75.00 for senior families (where any family member is 65 years or older). The deductible levels remained unchanged from 1987.

Certain consumers are exempted from deductibility. These consumers are Special-Care Home Residents, Social Assistance Recipients, and those registered under the Palliative Care Program. Those with high drug cost and approved by the Drug Benefits Review Panel are granted certain privileges to purchase prescriptions upon up-front payment of 20% of the total prescription cost, with waiver of the deductible. Diabetics can purchase insulin and urine testing agents by paying \$1.00 per package, and can purchase blood glucose testing agents by paying 20% of the prescription cost, regardless of their deductible status.

Saskatchewan Assistance Plan Beneficiaries

Residents receiving benefits through the Saskatchewan Assistance Plan are entitled to Prescription Drug Plan benefits at a reduced charge, or at no charge depending on their level of coverage. Deductibles are waived.

a. Plan One Coverage

Plan One beneficiaries 18 years or older are entitled to receive insulin, oral hypoglycemics, injectable vitamin B₁₂, allergenic extracts, oral contraceptives and some products used in megavitamin therapy at no charge. These beneficiaries pay a reduced charge, to a maximum of \$2.00, for all other Formulary drugs and Exception Drug Status products.

Dependents under 18 are entitled to receive all Formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

b. Plan Two Coverage

Beneficiaries receiving Plan Two coverage are entitled to receive all Formulary drugs, allergenic extracts, megavitamins and approved Exception Drug Status products at no charge.

Plan Two coverage is provided to assist Plan One beneficiaries who require several drugs on a regular long-term basis. Eligibility for Plan Two coverage is determined on the basis of a physician's review of medication requirements, and application to the Prescription Drug Services Branch.

c. Plan Three Coverage

Plan Three beneficiaries are entitled to receive all Formulary drugs and certain non-Formulary drugs at no charge. Non-Formulary drugs are covered by the Medical Services Division (M.S.D. also covers the cost of megavitamins and allergenic extracts for Plan One and Plan Two beneficiaries.)

Plan Three beneficiaries are residents receiving supplementary income assistance who live in Special-Care homes licensed under The Housing and Special-Care Homes Act, Approved Homes licensed under The Mental Health Act, and Wards of the province.

S.A.I.L. Beneficiaries

Saskatchewan Aids to Independent Living (S.A.I.L.) pays for all non-Formulary disease-related drugs used by Special Beneficiaries nominated by S.A.I.L. Special Beneficiaries include paraplegics, persons with cystic fibrosis or persons with chronic end-stage renal disease.

These beneficiaries are entitled to receive all prescribed Formulary drugs and disease-related non-Formulary drugs at no charge.

Special-Care Home Residents

For residents of Special Care homes licenced by the Department of Health under the Housing and Special Care Homes Act, the deductible does not apply. These beneficiaries continue to receive eligible prescriptions for a fixed maximum co-payment of \$3.95. This level is unchanged from 1984.

Palliative Care Program

For persons registered under the Palliative Care Program of the Prescription Drug Services Branch, the deductible does not apply. Prescriptions for eligible drugs are provided to them at no charge, a benefit first introduced in 1987.

Special Drug Benefits

Through the Drug Benefits Review Panel, a mechanism exists to enable the review of situations where families or individuals may experience difficulty in meeting payment obligations under the Drug Plan. The three member panel is comprised of representatives of the College of Physicians and Surgeons of Saskatchewan, the Saskatchewan Pharmaceutical Association, and the Saskatchewan Department of Health. Members are appointed by the Minister of Health.

Based upon review of information provided by applicants, the Panel may recommend and make available additional benefit for eligible drugs.

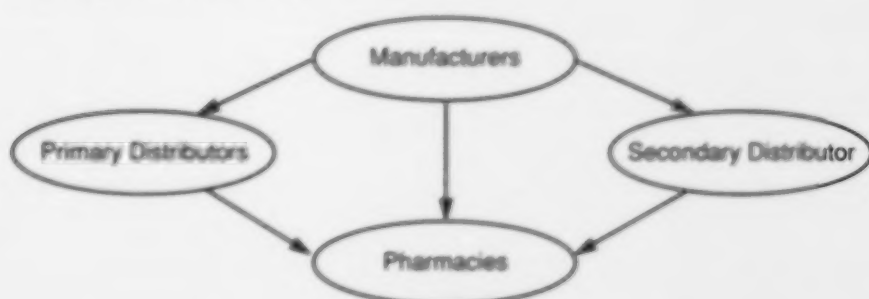
Paying Agency

The Prescription Drug Services Branch functions as a paying agency for M.S.D. and S.A.I.L. for those additional benefits provided to Saskatchewan Assistance Plan beneficiaries and S.A.I.L. Special Beneficiaries.

The appropriate costs are subsequently recovered from M.S.D. and S.A.I.L. by the Prescription Drug Services Branch.

Drug Acquisition and Distribution Network

A continual supply of quality drugs at competitive prices is ensured using the following distribution network:



Distributors purchase drug products from manufacturers and sell them to pharmacies. Pharmacies may also purchase directly from the manufacturer.

As of March 31, 1990, there were four (4) distributors serving the province, three primary and one secondary.

Pricing Formulary Products

In order to ensure price stability for the six month effective Formulary period, the Prescription Drug Services Branch requires drug manufacturers to provide guaranteed maximum prices for the period. The Formulary periods are from January 1 to June 30 and July 1 to December 31 of each year. The prices constitute the maximum the Prescription Drug Plan will consider for those products during the effective Formulary period. Where products are purchased at less than the maximum, the lower price will apply.

Standing Offer Contracts (S.O.C.) are obtained on certain high volume products.

An S.O.C. is a tendered contract between a manufacturer and the Prescription Drug Services Branch to supply specific drug products to approved distributors at a contracted price, and for the specified six month period.

The S.O.C. may not always go to the lowest bidder. Other factors, including an allowance to the previous contract holder, ability to meet supply and distribution commitments, and research and development allowances are also considered.

Once an S.O.C. has been granted, the Prescription Drug Plan will pay only for the S.O.C. drug in an interchangeable category unless the prescriber has specified "no-substitution" of the brand prescribed.

Participating Pharmacies

All pharmacies providing automated benefit services of the Prescription Drug Plan must sign an Agreement with Saskatchewan Health.

At March 31, 1990, there were 333 pharmacies delivering Prescription Drug Plan covered services.

Pharmacy Reimbursements

According to the October 1988 — September 1991 Agreement between Saskatchewan Health and pharmacy Proprietors, the pharmacy receives its acquisition cost of drug material, along with a mark-up plus a dispensing fee for each prescription.

The maximum dispensing fee in effect on April 1, 1989 was \$6.00. The maximum mark-up allowance is calculated on the drug cost in the prescription as follows: 30% for drug cost up to \$5.49, 15% for drug cost between \$5.50 and \$13.74, and 8% for drug cost of \$13.75 and over.

For insulin and urine testing agents, the Prescription Drug Plan pays the pharmacy the cost of the drug material, plus a percentage markup (33 1/3% for insulin, 50% for urine testing agents), less a maximum consumer charge of \$1.00.

The maximum dispensing fee was increased on October 1, 1989 to \$6.25. The maximum mark-up allowance calculated on the drug cost in the prescription was increased on October 1, 1989 to 9% for drug cost of \$13.75 and over.

Consumers pay the pharmacy for the full cost of the prescription. Once the deductible is paid, the pharmacy charges the consumers only 20% and transmits a claim to the Prescription Drug Services Branch for the remaining 80%. Consumers therefore are no longer required to submit claims for eligible drug benefits when the drugs are purchased in Saskatchewan.

Consumers exempted from the deductible program continue to pay a maximum of \$3.95 as their portion of the total prescription cost. The Pharmacy, for these consumers, continued as in the past to submit claims to the Prescription Drug Services Branch to recover the balance of the costs of the prescription.

Between April 1, 1989 and March 31, 1990, the Prescription Drug Plan paid a total of \$75.6 million for Formulary and Exception Status Drug prescriptions.

Prescription Quantities

The Prescription Drug Plan does not limit the quantities of drugs allowed by a prescription. Physicians determine the course and duration of treatment for their patients, limited only by regulations governing the practice of pharmacy.

The Prescription Drug Plan, however, can limit the maximum quantity for which it will pay benefits at any one time. In addition, the pharmacist is entitled to charge a fee for each 34 day supply (or lesser) for most drugs listed in the Formulary.

Product Interchangeability

The Saskatchewan Formulary Committee has identified approximately 300 interchangeable drug groups. Interchangeable products are different brands of the same drug with the same strength and dosage form, that are equivalent in therapeutic effectiveness and quality.

When a prescription is filled for a drug in an interchangeable category, payment is based on the lowest-priced product in that category. For example, if an interchangeable group contains the following brands at the unit prices shown:

Brand 1	\$0.0180
Brand 2	0.0190
Brand 3	0.0235
Brand 4	0.0235
Brand 5	0.0252
Brand 6	0.0410

and the physician prescribes any brand in this category, the pharmacist will be reimbursed for the drug dispensed to a maximum of 1.8¢ per unit for those claims submitted to the Drug Plan. If, however, Brand 1 has a Standing Offer Contract, the Prescription Drug Plan will not reimburse the pharmacy unless that brand was dispensed. If a prescription is ordered for any brand other than the low-cost brand listed, and is supported by a "no-substitution" order from the prescriber, reimbursement will be based on the costs of the brand so ordered.

Claims Processing

An on-line computer network transmits prescription information from the pharmacy to a central computer where it is adjudicated. Information regarding cost responsibility is then transmitted back to the pharmacy, outlining the consumer portion of cost that the pharmacy collects, as well as the balance of cost that will be paid to the pharmacy by the Drug Plan.

In the fiscal year ending March 31, 1990, 5.4 million prescriptions were processed for Formulary and Exception Status drugs.

Data Base Information

The Prescription Drug Services Branch has established policies and guidelines governing access to and use of data base information. These policies and guidelines are necessary to protect the confidentiality of patient information.

All requests for such information must be in writing and addressed to the Executive Director.

Statistical Synopsis

Prescription Drug Plan Beneficiaries

On July 1, 1987 the Prescription Drug Plan data base changed to a family basis from the previous beneficiary basis because claims processed under the deductible system are by family unit. With this change to family unit, claims information about age, sex, prescriber, pharmacy volume, and manufacturer volumes became non-comparable to previous years. With introduction of the on-line computer network on January 1, 1989, all beneficiary based information is again retrievable.

Eligible Population (At June 30, 1989)

A total of 976,108 individuals, within 497,365 family units are eligible to receive Prescription Drug Plan benefits.

Population Receiving Benefits

A total of 688,237 individual beneficiaries purchased eligible prescriptions. This represents 70.5% of eligible individuals. In this same period, 77,595 individual beneficiaries who were exempted from the deductible program received benefits through the Drug Plan.

Utilization

Each active family under the deductible program received an average of 12.3 prescriptions. In this same period, each active family exempted from the deductible program received an average of 15.2 prescriptions.

Each active beneficiary under the deductible program received an average of 7.3 prescriptions. Each active beneficiary exempted from the deductible received an average of 11.6 prescriptions.

Prescription Drug Plan beneficiaries were divided into three general categories for statistical purposes: Standard Beneficiaries, Saskatchewan Assistance Plan Recipients and Special Beneficiaries (Table VII). Standard Beneficiaries received 83.1% of prescriptions and were responsible for 74.9% of the total Prescription Drug Plan payment. Saskatchewan Assistance Plan beneficiaries received 8.3% of

all prescriptions and accounted for 11.3% of total expenditures. Special Beneficiaries received 8.6% of all prescriptions and accounted for 13.8% of total expenditures.

Figure 2 presents, by age group, the distribution of Prescription Drug Plan beneficiaries as compared to the eligible population and the percentage of total prescriptions dispensed to each age group. This figure shows that prescription drug utilization increased with age. The highest percent of prescriptions was in the 55 years and older group, particularly those 65 to 75 years. The 65+ age group accounted for 13.8% of the eligible population, represented 17.6% of Prescription Drug Plan active beneficiaries, and received 39.6% of all prescriptions.

Figure 3 presents the percentage of total Prescription Drug Plan prescriptions dispensed to males and females by age group. Females received an average of 6.6 prescriptions per eligible female beneficiary in the fiscal year compared to 4.4 prescriptions per eligible male beneficiary.

In this fiscal year, 55.5% of the active beneficiaries were female and made up 49.9% of the covered population. Females accounted for 60.0% of all prescriptions, averaging 8.4 prescriptions per active beneficiary compared to 7.0 prescriptions for active male beneficiaries. For all age groups beyond age 14, females received more prescriptions per active beneficiary.

Figure 2
Active Beneficiaries and Prescriptions Dispensed by Age Groups

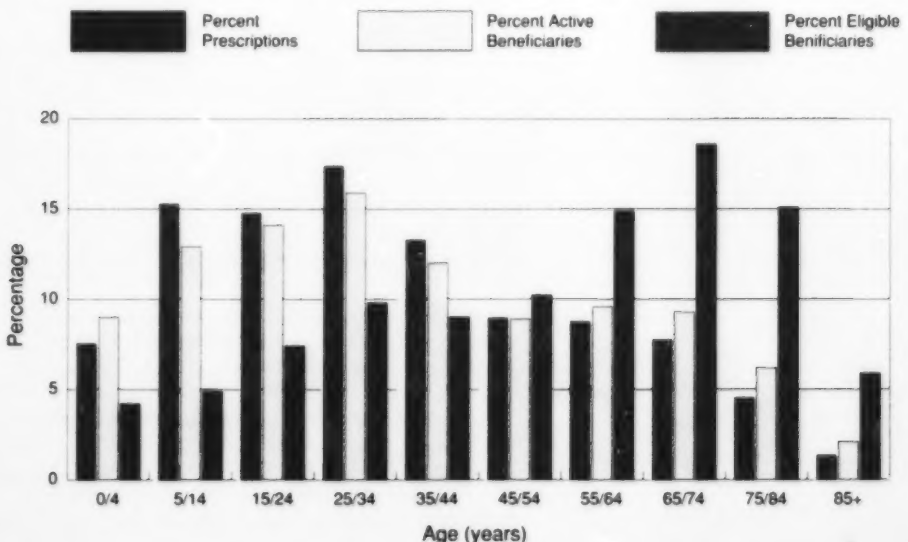
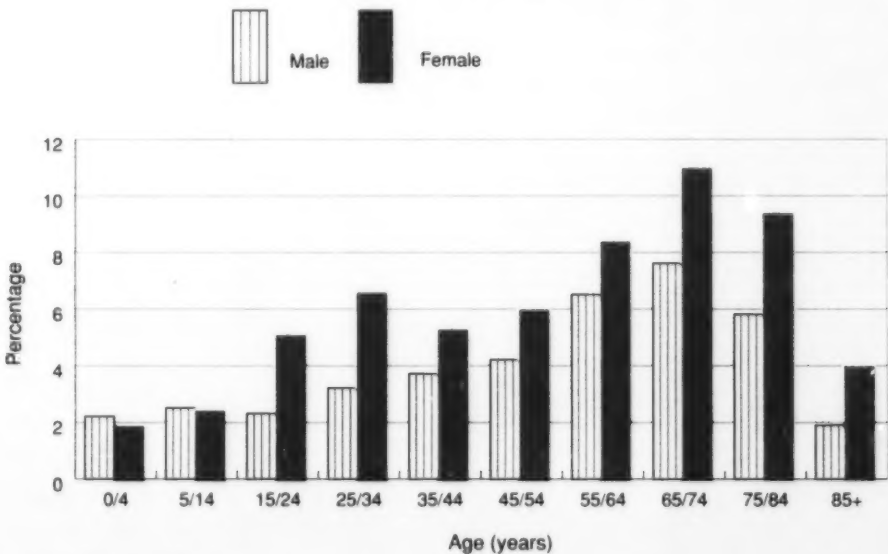


Figure 3
Percentage Total Prescriptions by Sex and Age Group



Value of Benefits Received

The Average Prescription Drug Plan payment on behalf of each active family under the deductible program was \$156.18, and to each family exempted from the deductible program was \$318.13.

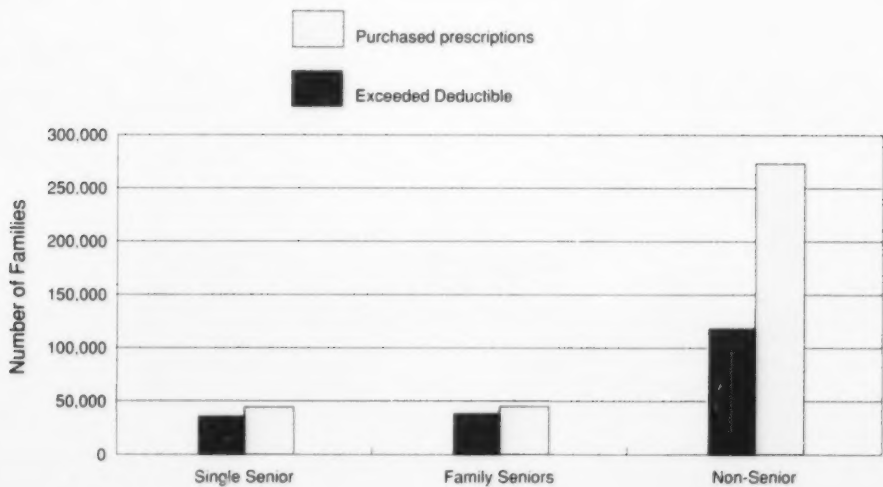
Family Unit Type

A total of 362,456 family units received prescriptions under the deductible plan. Of these family units 194,888 exceeded deductibles of which; 39,519 were senior families (at least one member 65 or over), 36,659 were single seniors, 118,710 were non-senior families.

In this same period under the deductible plan, senior families received an average of 25.6 prescriptions, single seniors received an average of 17.6 prescriptions, and non-senior families received an average of 9.2 prescriptions.

Figure 4 presents the number of families that purchased prescriptions and that received benefits after exceeding the deductible. The highest percent to exceed the deductible were family seniors where 87.5% of the 45,143 families purchasing prescriptions received a benefit. The deductible was exceeded by 82.8% of the 44,293 single seniors and by 43.5% of the 273,020 non-senior families purchasing prescriptions.

Figure 4
Families Purchasing Prescriptions and Received Benefits



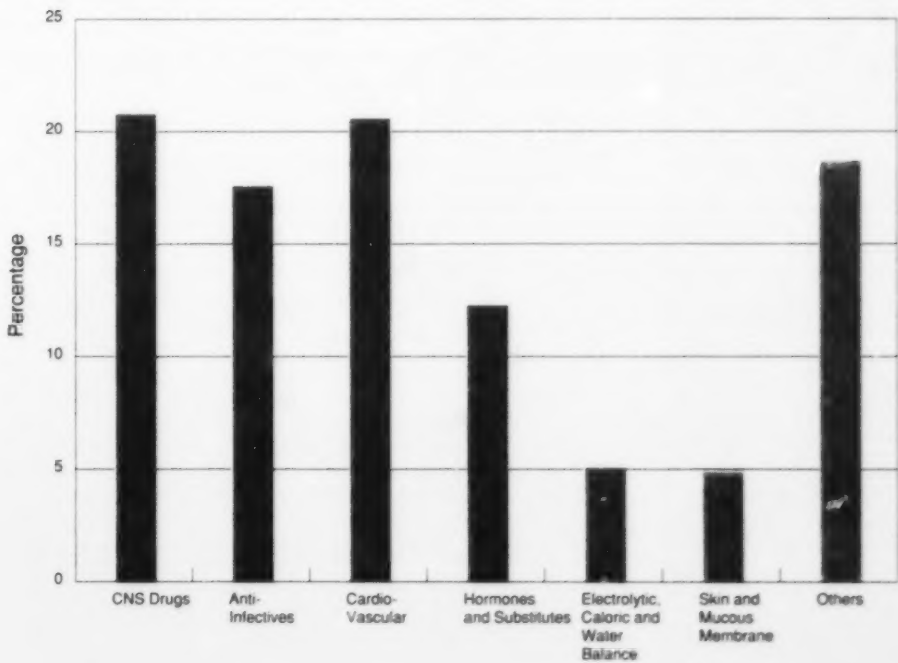
Drugs

During 1989-90, the Prescription Drug Plan provided coverage for 5.36 million prescriptions for a total payment to pharmacies and individuals of \$75.56 million.

Table VIII shows prescription volume and Prescription Drug Plan expenditures by Pharmacologic-Therapeutic Classification. Four categories, Central Nervous System (CNS) Drugs, Anti-Infectives, Cardiovascular Drugs, and Hormones and Substitutes, accounted for 71.3% of all prescriptions and 67.2% of all Prescription Drug Plan payment.

Figure 4 shows proportional prescription volume by Pharmacologic-Therapeutic Classification.

Figure 5
Prescription Volume by Pharmacologic-Therapeutic Classification



Pharmacies

A total of 333 pharmacy outlets operated under agreement with the Prescription Drug Plan on March 31, 1990. Of these, 71.5% were independent pharmacies, 17.1% were chain outlets, and 6.0% were co-operative.

Table I
Prescription Drug Plan Payments

Statistical Tables		
Payments to Pharmacies on behalf of families (exempt from deductible program)		
Drug Material Acquisition Cost	\$14,224,853	
Mark-up	1,539,780	
Dispensing Fee Subsidy	3,185,459	
Total Payments to Pharmacies on behalf of families exempt from deductible		\$18,950,092
Payments to or on behalf of Families (deductible program)		
Total Payments to Pharmacies on behalf of Families April 1989 — March 1990 (Table II) ..		\$56,609,615
Total Prescription Drug Plan Payments ¹		\$75,559,707
Manual Adjustments ²		(228,119)
Net Payments		\$75,331,588
Financial Statements		
Payments to Pharmacies ³		\$75,331,588

¹Drug Plan payments refer to formulary drugs and exception status drugs. All Statistical Tables do not reflect manual adjustment expenditures.

²Manual adjustments include year-end adjustments made in accordance with accounting policies and other adjustments.

³See Statement of Revenue, Expenditure and Fund Balance page 32.

Table II
Prescription Drug Plan Payments to or on behalf of
Families Under Deductible Program

	April-December 1989 Prescriptions	January-March 1990 Prescriptions	Total
Payments to or on behalf of Families			
Drug Material Acquisition Cost	\$49,221,626	\$15,451,803	\$64,673,429
Mark-up	5,401,544	1,767,405	7,168,949
Dispensing Fees	19,667,204	6,294,840	25,962,044
Total Approved Prescription Cost . .	74,290,374	23,514,048	97,804,422
Less: Deductible Credits	13,766,659	13,275,744	27,042,403
	60,523,715	10,238,304	70,762,019
Less Family Co-Payment 20%	12,104,743	2,047,661	14,152,404
Total Prescription Drug Plan Payments to or on behalf of Families	\$48,418,972	\$8,190,643	\$56,609,615

Table III
Prescription Drug Utilization by Family Unit Type

Family Unit Type	Number of Family Units	Number of Prescriptions	Drug Material Cost	Approved Prescription Cost	Net Family Payments ¹	Drug Plan Payment
Under Deductible Program						
Under 65 Family	273,020	2,515,962	\$39,412,749	\$54,032,238	\$26,223,222	\$25,809,016
65 and over Single	45,143	1,156,751	20,230,925	26,954,085	7,963,723	18,990,362
65 and over	44,293	780,886	12,198,704	16,818,099	5,007,862	11,810,237
Exempt from Deductible						
Under 65 Family	37,296	457,864	\$ 8,583,403	\$11,145,551	\$ 577,686	\$10,567,865
65 and over Single	5,584	99,789	1,838,038	2,382,641	265,362	2,117,279
65 and over	11,278	297,481	4,139,288	5,904,748	772,299	5,132,449
Others ²	5,410	48,655	1,203,904	1,480,364	347,885	1,132,499

¹Net Family Payments is the net cost to a family being the total of the deductible and the 20% not reimbursed by the Drug Plan.

²Families submitting claims where, due to adjustment in family structures, a deductible was waived.

Table IV
Prescription Cost to Families Under Deductible Program

Cost to Family Unit	Number of Family Units	Number of Prescriptions	Drug Material Cost ¹	Approved Prescription Cost	Net Family Payments ²	Total Drug Plan Payment
April 1989-March 1990						
\$ 00.00 - 25.00	62 459	89 505	\$ 480 408	\$ 1 001 875	\$ 884 250	\$ 117 625
25.01 - 50.00	51 388	167 946	1 357 914	2 334 498	1 884 218	450 280
50.01 - 75.00	42 219	241 580	2 257 794	3 658 529	2 617 939	1 040 590
75.01 - 100.00	38 001	327 000	3 385 120	5 287 879	3 318 412	1 969 467
100.01 - 125.00	36 340	409 917	4 783 611	7 164 705	4 082 155	3 082 550
125.01 - 150.00	33 130	455 492	5 839 197	8 492 150	4 539 729	3 952 421
150.01 - 175.00	24 992	421 041	5 904 042	8 355 494	4 048 081	4 307 413
175.01 - 200.00	17 933	385 407	5 577 850	7 706 253	3 350 843	4 355 410
200.01 - 225.00	13 650	328 066	5 393 430	7 308 641	2 893 970	4 414 671
225.01 - 250.00	10 543	289 705	5 108 900	6 796 051	2 499 309	4 296 742
250.01 - 275.00	7 939	245 075	4 640 097	6 068 202	2 079 498	3 989 704
275.01 - 300.00	5 791	201 270	4 099 278	5 274 535	1 661 518	3 613 017
300.01 - 400.00	11 415	487 625	11 155 632	14 004 947	3 890 077	10 114 870
400.01 - 500.00	3 908	218 599	5 657 314	6 939 457	1 727 658	5 211 799
500.01 and over	2 748	205 371	6 201 771	7 411 206	1 717 150	5 694 056
All	362 456	4 453 599	\$71 842 378	\$97 804 422	\$41 194 807	\$56 609 615

¹Refers to formulary drugs and exception status drugs.

²Includes mark-up on drug acquisition cost.

Net Family Payments is the net cost to a family being the total of the deductible and the 20% family co-payment for prescription cost over the deductible.

Table V
Prescription Cost to Families Exempt from Deductible Program

Cost to Family (Consumer Cost)	Number of Active Families	Number of Prescriptions ¹	Drug Material Cost ¹	Approved Prescription Cost	Net Family Payments ²	Total Drug Plan Payment
April 1989-March 1990						
\$ 0	14 087	227 226	\$ 4 465 237	\$ 5 783 214	\$ 0	\$ 5 783 214
0.01 - 25.00	27 740	174 834	2 459 063	3 418 647	248 895	3 169 752
25.01 - 50.00	6 988	114 988	1 927 050	2 547 792	250 057	2 297 735
50.01 - 75.00	3 194	69 077	1 202 522	1 589 367	185 117	1 394 250
75.01 - 100.00	2 177	59 175	998 623	1 338 361	188 585	1 150 276
100.01 - 125.00	1 237	39 165	697 204	924 485	138 623	795 662
125.01 - 150.00	917	34 592	580 432	783 080	124 920	658 160
150.01 - 175.00	796	32 449	531 048	722 767	126 693	595 074
175.01 - 200.00	529	25 304	428 576	578 816	99 068	479 748
200.01 - 225.00	462	23 526	393 777	533 412	97 757	425 655
225.01 - 250.00	382	21 340	364 530	491 810	80 368	401 442
250.01 - 275.00	217	13 362	229 067	309 151	56 740	252 411
275.01 - 300.00	163	12 321	213 571	286 678	52 273	234 405
300.01 - 400.00	380	30 262	537 852	717 709	126 142	589 567
400.01 - 500.00	122	10 467	247 988	308 592	54 695	254 127
500.01 and over	167	15 681	488 093	579 423	111 809	467 614
	59 569	903 789	\$15 764 633	\$20 913 304	\$1 963 212	\$18 950 092

¹Refers to formulary drugs and exception status drugs.

²Includes mark-up on drug acquisition cost.

Refers to the prescription charge or the 20% paid by the consumer on drugs exempt from deductible.

Table VI
Prescription Drug Utilization by Age and Sex of Consumer

Age of Consumer	Active Beneficiaries	Number of Prescriptions	Drug Material Cost	Dispensing Fee	Total Drug Plan Payment
April 1989-March 1990 (as submitted for all prescriptions to all beneficiaries)					
Male					
0 - 4	31,860	119,963	\$ 1,044,851	\$ 706,338	\$ 768,946
5 - 14	44,433	134,250	1,816,825	787,014	1,346,574
15 - 24	38,104	124,338	1,934,372	707,451	1,369,280
25 - 34	44,050	173,775	2,739,046	992,121	2,032,502
35 - 44	37,511	198,992	3,640,572	1,144,463	2,873,431
45 - 54	28,332	222,816	4,479,103	1,283,367	3,658,724
55 - 64	30,979	348,709	7,243,382	2,007,320	6,227,936
65 - 74	28,130	407,795	7,834,552	2,352,190	7,420,909
75 - 84	17,653	309,640	5,192,911	1,807,748	5,170,688
85 and over	5,212	101,857	1,379,060	608,275	1,513,992
Male Total	306,264	2,142,135	\$37,304,674	\$12,396,287	\$32,382,982
Female					
0 - 4	29,726	103,289	\$ 821,841	\$ 608,729	\$ 596,490
5 - 14	44,357	127,750	1,490,042	749,570	1,079,367
15 - 24	59,095	272,881	4,390,254	1,575,575	2,544,605
25 - 34	65,487	352,257	5,871,385	2,032,778	3,819,203
35 - 44	45,111	284,679	4,405,360	1,643,601	3,382,934
45 - 54	33,155	321,505	5,220,568	1,857,662	4,288,109
55 - 64	35,068	450,541	7,785,948	2,594,525	6,892,510
65 - 74	35,760	587,119	9,986,372	3,410,193	9,650,878
75 - 84	25,000	500,680	7,667,299	2,951,417	7,841,055
85 and over	9,214	214,552	2,663,268	1,290,377	3,081,574
Female Total	381,973	3,215,253	\$50,302,337	\$18,714,427	\$43,176,725
Both Sexes					
0 - 4	61,586	223,252	\$ 1,866,692	\$ 1,315,067	\$ 1,365,436
5 - 14	88,790	262,000	3,306,867	1,536,584	2,425,941
15 - 24	97,199	397,219	6,324,626	2,283,026	3,913,885
25 - 34	109,537	526,032	8,610,431	3,024,899	5,851,705
35 - 44	82,622	483,671	8,045,932	2,788,064	6,256,365
45 - 54	61,487	544,321	9,699,671	3,141,029	7,946,833
55 - 64	66,047	799,250	15,029,330	4,601,845	13,120,446
65 - 74	63,890	994,914	17,820,924	5,762,383	17,071,787
75 - 84	42,653	810,320	12,860,210	4,759,165	13,011,743
85 and over	14,426	316,409	4,042,328	1,898,652	4,595,566
Grand Total	688,237	5,357,388¹	\$87,607,011²	\$31,110,714³	75,559,707⁴

¹Refers to formulary and exception status drugs.

²Includes mark up on drug acquisition cost.

³The Dispensing fee charged by pharmacy for the prescriptions dispensed.

⁴Drug Plan Payment is the total of the Drug Material Cost and Dispensing fee; less deductibles, the 20%, and prescription charges paid by the consumer to the pharmacy.

Table VII
Prescription Drug Use by Type of Beneficiary

Type of Beneficiary	Active Beneficiaries	Number of Prescriptions ²	Total Drug Plan Payment
April 1989-March 1990			
Standard Beneficiaries	610 642	4 453 599	\$56 609 615
Standard Beneficiaries ³	13 294	158 774	3 490 876
Saskatchewan Assistance Plan Recipients			
— Prescription Charge Subsidized (Plan One)	22 756	174 808	3 474 614
— Prescription Charge Fully Covered			
Special Drugs for Plan One	4 909	22 041	540 624
Dependents of Plan One to Age 18	16 116	54 868	872 959
Plans Two and Three	10 643	191 635	3 669 140
Special Beneficiaries			
— Paraplegics	983	18 166	490 796
— Cystic Fibrosis	112	2 541	190 525
— Chronic Renal Disease	338	12 180	786 668
— Other	1	6	387
Nursing Home Residents	7 412	210 251	3 301 969
Special Drug Coverage	5 933	48 905	1 112 347
Palliative Care	562	8 570	404 466
Special Drugs	209	1 044	614 721
Total	688 237¹	5 357 388	\$75 559 707

¹Total does not equal this column because a beneficiary may be covered in more than one category during the fiscal year

²Refers to formulary and exception status drugs

³Beneficiaries for whom insulin, testing agents, and provisional special drug coverage claims were paid

Table VIII
Prescriptions by Pharmacologic - Therapeutic Classification

Pharmacologic - Therapeutic Classification ¹	Number of Prescriptions ²	Drug Material Cost ³	Total Drug Plan Payment
As submitted for all beneficiaries			
8 00 Anti-Infectives	943,894	\$ 7,993,284	\$ 5,754,403
12 00 Autonomic Drugs	212,174	4,184,213	3,749,605
20 00 Blood Formation and Coagulation	26,747	544,305	497,029
24 00 Cardiovascular Drugs	1,100,505	24,341,653	21,524,910
28 00 Central Nervous System Drugs	1,114,961	16,242,899	15,064,711
36 00 Diagnostic Agents	44,134	1,594,421	1,507,777
40 00 Electrolytic, Caloric and Water Balance	270,804	1,060,302	1,823,474
48 00 Cough Preparations	168	8,279	8,055
52 00 Eye, Ear, Nose and Throat Preparations	209,607	2,981,339	2,309,854
56 00 Gastrointestinal Drugs	245,763	7,401,646	6,121,502
60 00 Gold Compounds	2,721	175,922	143,383
64 00 Metal Antagonists	2,456	113,794	98,385
68 00 Hormones and Substitutes	660,713	10,675,098	8,403,221
76 00 Oxytocics	231	989	398
84 00 Skin and Mucous Membrane Preparations	263,792	3,493,873	2,486,697
88 00 Spasmolytics	63,763	1,071,691	1,028,727
88 00 Vitamins	30,977	196,970	240,676
92 00 Unclassified	163,978	5,526,333	4,796,900
Total	5,357,388	\$87,607,011	\$75,559,707

¹The drug classification system used is that of the American Society of Hospital Pharmacists.

²Refers to formulary drugs and exception status drugs.

³Includes Mark-up on drug acquisition cost.

Table IX
Pharmacies by Location

Location of Pharmacy	Number of Pharmacies ¹
Single Pharmacy Communities	90
2 - 5 Pharmacy Communities	75
Communities With More Than 5 Pharmacies	
Moose Jaw	11
North Battleford	7
Prince Albert	13
Regina	43
Saskatoon	57
Swift Current	8
Yorkton	8
Dispensing Doctors	13
Border Pharmacies	8
Total	333

¹Includes all pharmacies operating under agreement with the Prescription Drug Plan on March 31, 1990.

Table X
Pharmacies by Type of Ownership

Type of Ownership	Pharmacies ¹ Number	Percent
Independent	238	71.5
Chain ²	57	17.1
Co-operatives	20	6.0
Dispensing Doctor	13	3.9
Hospital Outpatient	5	1.5
Total	333	100.0

¹Includes all pharmacies operating under agreement with the Prescription Drug Plan on March 31, 1990.

²Defined as common ownership of four or more stores.

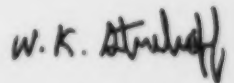
Financial Statements

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have examined the statement of revenue, expenditure and fund balance of the Saskatchewan Prescription Drug Fund for the year ended March 31, 1990. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the financial position of the Fund as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 2 to the financial statement applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
December 3, 1990

W. K. Strelloff, C.A.
Provincial Auditor

Financial Statements

Year Ended March 31, 1990

Statement 1

Saskatchewan Prescription Drug Fund
Statement of Revenue, Expenditure and Fund Balance
Year Ended March 31

	1990	1989
Revenue:		
Grant — Department of Health (Note 6)	\$76,119,894	\$60,214,025
Other	10,342	4,352
	<u>76,130,236</u>	<u>60,218,377</u>
Expenditure:		
Payments to Pharmacies	75,331,588	24,718,094
Payments to Families	523,914	34,924,246
Drug Cost Advances (Recoveries) (Note 4)	(86,372)	274,607
Other	323,556	449,910
	<u>76,092,686</u>	<u>60,366,857</u>
Excess of revenue over expenditure (expenditure over revenue)	37,550	(148,480)
Fund balance, beginning of year	12,267	160,747
Fund balance, end of year	<u>\$ 49,817</u>	<u>\$ 12,267</u>

(see accompanying notes)

Saskatchewan Prescription Drug Fund
Notes to the Financial Statement
March 31, 1990

1. Authority

The Saskatchewan Prescription Drug Fund was established under the authority of Subsection 8(1) of The Prescription Drugs Act, effective April 1, 1975. It is used to account for a program established under that Act to provide assistance to residents of Saskatchewan in purchasing drugs they require for preventative, diagnostic or therapeutic purposes.

2. Accounting Policies

a) Basis of Accounting

The accounts of the Saskatchewan Prescription Drug Fund are maintained on a modified cash basis for a fiscal year commencing on April 1 and ending on March 31. Revenues are recorded as received and expenditures are charged to the accounts when payment is made. In addition, revenues received in April which apply to the preceding fiscal year are taken into revenue of the preceding fiscal year, and payments made during April for family claims and pharmacy claims received by March 31 are recorded as expenditures of the preceding fiscal year.

b) Grant — Department of Health

Pursuant to The Prescription Drugs Act, monies appropriated by the Legislature for the purpose of the Act are credited to the Fund. Amounts received from the appropriation in excess of operating expenditures of the year are returned to the Consolidated Fund of the Province of Saskatchewan at the end of the year, reducing the reported amount of the grant (Note 6).

3. Related Party Transactions

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, office services and personnel administration. These costs have been absorbed by various departmental appropriations. In addition, the Finance and Administration Branch of the Department of Health is responsible for all remaining administration costs of the Fund. No provision for these costs is reflected in these financial statements.

4. Drug Cost Advances (Recoveries)

In certain situations, the Fund advances payment for the cost of drugs on behalf of the Supplemental Health Program and the Saskatchewan Aids to Independent Living Program of the Department of Health. The Department reimburses the Fund for these costs. If there is a balance unrecovered at year end, it is reflected as "advances". Receipt of this balance in the subsequent year is reflected as "recoveries".

5. Fund Balance

The Fund Balance at March 31 consists of the following:

	1990	1989
Bank account balances	\$ 49,817	\$ 12,267

6. Department of Health Grant

	1990	1989
Grant from Department of Health	\$76,202,000	\$61,399,000
Less: Amounts repaid to the Consolidated Fund during the year	82,106	1,184,975
	<u>\$76,119,894</u>	<u>\$60,214,025</u>

7. Plan Amendments

Due to an amendment made to Section 5.1 of The Prescription Drug Act in 1987, prescription drug costs incurred for residents of Saskatchewan over a certain deductible amount were reimbursed directly to the beneficiaries upon submission of a valid claim. The residents paid the full cost of these prescriptions to the pharmacy. The Drug Plan continued to pay pharmacies the prescription cost less applicable prescription charges for beneficiaries exempted from the deductible.

However, effective January 1, 1989, an on-line pharmacy claims system was implemented. This allowed pharmacies to charge residents only 20% of the prescription cost once the deductible was paid, and to submit a claim to the Drug Plan for the remaining 80%.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.